

THE CORPORATE PARADIGM SHIFT

HOW DESIGN THINKING LED RESEARCH
CAN HELP CORPORATIONS SHIFT
TOWARDS HUMAN-CENTERED BRANDS.

MA®KENKIND | PEDRO ROCHE | NOVEMBER 2016

INTRODUCTION: THE CORPORATE PARADIGM

Corporations worldwide are subject today to an ever-growing set of financial expectations and challenges – a path becoming a downward spiral in which they struggle to deliver. Two questions arise: 1. How did this situation come about? 2. Why do these businesses struggle?

Prior to the Industrial Revolution, goods were solely produced by craftsmen as a direct response to a commission from a customer. The Industrial Revolution then led to mass production and the division of labour, which brought physical separation between manufacturer and customer. Over time, as companies have continued to grow, so has the overall rift between businesses and their customers.

Since the 70's, executive compensation in corporations has been attached to share price development, shifting leadership's attention further away from the customer towards the expectations of investors and traders (Watkinson, 2013, p. 8). Yearly target achievement today is management's absolute priority in public companies – it defines the ROI for its investors as well as its management's variable compensation.

Focusing on delivering on short-term top and bottom line targets results in an over-arching short-sightedness: year after year, innovation is seen as the main turnover driver. In this context, consumers are merely seen as the 'target of predatory marketing strategies' (T. Brown, 2009, p.58), while the purpose of conventional market research like focus groups is limited to confirming needs assumed by marketers prior to launching innovations that do not go beyond insignificant incremental improvements.

With the increasing pressure of competitive start-ups introducing disruptive business models in a digitalised world, these 'old world' companies and organisations are starting to accept the evident need for a "paradigm shift" to secure their future. In admiring the new disruptive business models, these corporations perceive a high ideation power/ creativity, but fail to understand that the ideation is only facilitated through human-centered research – the key to sustainable innovation that is meaningful to customers and society.

The aim of this essay is to create awareness about how human-centered research and Design Thinking in general can become the cornerstone to a significant brand and business transformation in any corporation or organisation to secure their future in a digitalised world of growing complexity by reconnecting with their clients.

ESSAY OVERVIEW

This essay explores human-centered research in the context of Design Thinking and its framework – as an approach for corporations to consciously induce a necessary paradigm shift and finally reconnect with consumers.

The reader is initially presented with the concept of Design Thinking and its main framework variants. The focus is then set on research methods, while further exploring the fields of ‘empathy’ and ‘ethics’ in the context of human-centered research.

The paper then frames human-centered research in a specific context, namely the New Product Development (NPD) department of a FMCG corporation. It showcases the potential of human-centered research as the initial phase of Design Thinking – serving as a springboard that can help uncover insights and opportunities aiming for rule-breaking, game-changing and paradigm-shifting breakthroughs (T. Brown, 2009, S.40), ultimately leading to a human-centered brand and business transformation.

Finally, ‘key success factors for Design Thinking in corporations’ are introduced: a necessary framework of implementation in the corporation environment – a critical reflection addressing and aiming to solve the obvious conflict and divergence of mindset, principles and methods inherent in Design Thinking vs. those in a corporate environment driven by short-term turnover incentivisation.



DESIGN THINKING - ORIGIN & DEFINITION

Design Thinking is the result of an evolution of twenty to thirty years, composed of several design methodologies and movements. The term first appeared with the rise of human-centered design in the 80's: in 1987 Stanford's professor Peter Rowe's book "Design Thinking" led to the first popular usage of the term. An article in 1992 by Richard Buchanan titled 'Wicked Problems in Design Thinking' expressed a broader view of Design Thinking (Curedale, R., 2016, p. 33).

The growing idea in the late 80's was that design needed to increasingly focus on understanding the needs of people and businesses - and then apply design to solve these issues. Design Thinking then incorporated first ideas from the user-centered design movement. The founders of the Design Thinking movement arising in the early 90's were IDEO's David Kelley, Larry Leifer and Terry Winograd.

Over the years, ideas, principles and definitions have grown in detail and sophistication:

"Design thinking can be described as a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into customer value and market opportunity."

Tim Brown CEO, IDEO

Design Thinking today is a human-centered methodology of solving complex problems by finding desirable solutions for clients. A design mindset is not problem-focused; it's solution focused and action oriented towards creating a preferred future. Design Thinking draws upon elements like logic, imagination and intuition, to explore possibilities of what could be. The idea is to derive and create desired outcomes that will benefit the target group in question.

Design Thinking follows a collaborative, team based approach - as it rejects the idea of a designer being a single expert artist working in a studio remote from people in favour of an approach where a designer collaborates with a multidisciplinary team. A toolkit of methods is employed, combining empathy for people and their context with tools to discover insights. It foresees a non-linear process combined with systematic iteration, constantly incorporating new learnings towards a better, most human-centered solution.

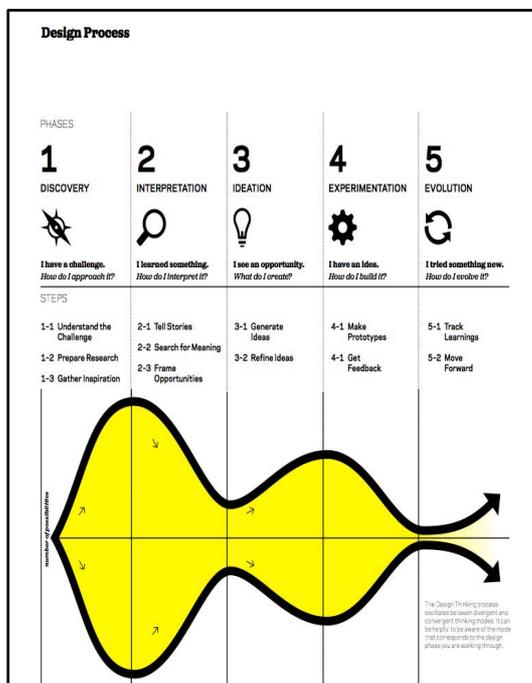


THE DESIGN THINKING FRAMEWORK

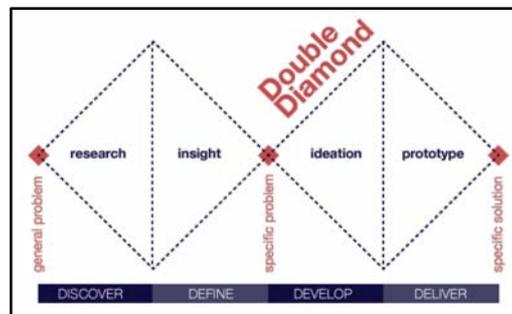
The Design Thinking process is embedded in a structured framework leading through different phases: it involves observation to discover unmet needs within the context of a particular situation, framing the opportunity and scope of innovation, generating creative ideas, testing and refining solutions.

The most commonly found frameworks are IDEO's 'human centered design ideology', d.school's Design Thinking process and the British Design Council's Double Diamond. While the phases described in each of them reflect differing levels of granularity, the process throughout Design Thinking is similar across all frameworks.

IDEO's human centered design ideology



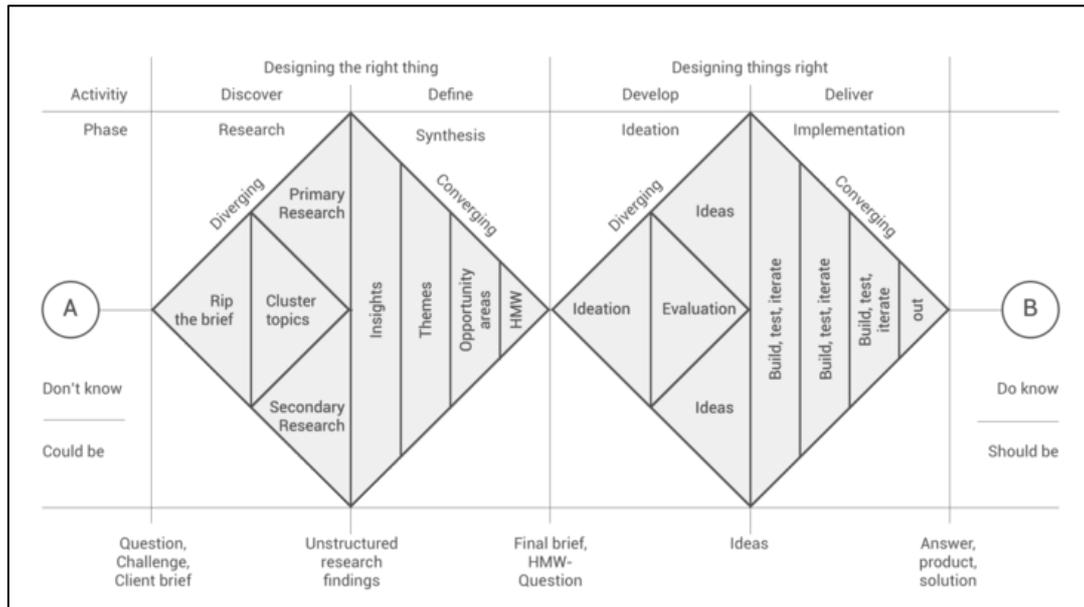
British Design Council's Double Diamond



d.school's Design Thinking process



Based on its clarity and structure, DXD's Dan Nessler further developed the 'Double Diamond' with its 4 distinct phases: Discover (research), Define (synthesis), Develop (ideation) and Deliver (implementation).



Advanced Double Diamond (D. Nessler, 2013)

His development on the general model:

- The process should allow a design team to go from a 'don't know / could be' (left) mode to a 'do know/ should be' situation (right).
- *Diverging vs. converging* thinking: in the initial research stage, the designer opens up to all possible insights and data ('divergent thinking') after which the problem is narrowed down and defined ('convergent thinking'); in the Develop phase a number of possible ideas are created ('divergent thinking') before refining, narrowing down to the best idea ('convergent thinking').

Specificities within the Discover/ research phase:

- The brief is initially questioned and challenged in its single elements ("rip the brief").
- Identification of all possible elements, characteristics; definition of areas of interest, extremes, places, personas and experiences that are related and can be explored.
- Prior to physical research, findings are clustered into topics for a first overview and better focus.
- Research is initiated, applying primary (field) and secondary (desk) research methods (Nessler, D., 2013)



RESEARCH PHASE: UNDERSTANDING ITS IMPORTANCE

Historically, brands across many industries have used consumers to vet and approve a product concept after the product ideation stage. The problem with this process is that the product may not fit the true needs of consumers.

An explicit focus on human-centered research is of the essence to break this historical 'hit or miss' approach taken by corporations. Design Thinking places the human-centered research stage in the very heart of its process: without uncovering latent insights, it would be impossible to understand how a consumer reacts to the products they use, the environment in which they live.

What are the general research methodologies, what are their strengths and weaknesses?

Quantitative research quantifies the problem by generating numerical values. It is used to quantify attitudes, opinions, behaviours, and other defined variables – and generalise results from a larger sample population. This method is objective, minimises personal judgement and is highly reliable. However, the often-large sample size can make quantitative research expensive. (Curedale R., 2013, p. 37).

Qualitative research is primarily exploratory research. It is used to gain an understanding of underlying reasons, opinions, and motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. It uncovers trends in thought and opinions, and dives deeper into the problem. While the sample size of this deep dive method is typically small, the main concerns around qualitative research are its validity, as perception is entirely subjective on one side, and the perceived experiences cannot be generalised or recreated.

RESEARCH TYPES

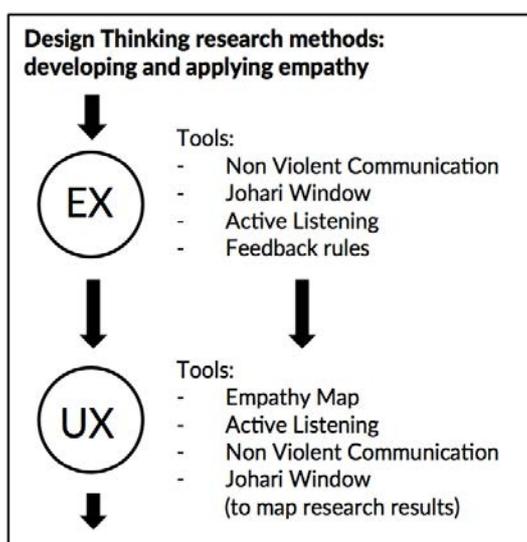
QUANTITATIVE	QUALITATIVE (EMPATHY LED)
Surveys Experiments	Focus groups Interviews
Observational research	Secondary data
Secondary data	Observational research



EMPATHY

Applying qualitative research methods in Design Thinking requires a design team to be highly empathic – as only through empathy do these methods allow for the team to stand in those people’s shoes, see through their eyes and uncover their stories.

Empathy needs to be trained within the design team as a soft skill before it can be applied on research subjects. Also, empathy is key within the context of group dynamics: for a newly formed, multi-disciplinary design team to quickly become effective, driving inter-personal awareness will help improve communication while gradually building trust. Different tools enable a team (employee centered, EX) to become empathic and effective, while empathy-based tools are key for the user centered research (UX).



Empathy led research focuses on understanding users’ unarticulated needs: so called ‘latent needs’. It is about trying to detect needs that these people do not know they have and thus cannot articulate.

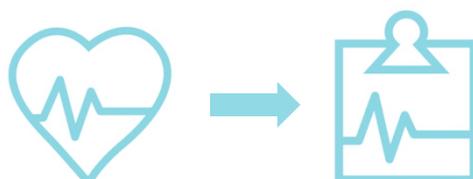
The tools, briefly explained:

The Johari Window delivers self-awareness with regards to one’s and others own scope of knowledge, building trust on own and others’ expertise.

Non-Violent Communication helps understand the difference between observations and judgements as well as the connection between observations and emotions.

Active Listening is useful to appreciate the importance of empathy and appreciation throughout the act of observation and listening, equally focusing on non-verbal communication.

The Empathy Map helps to break down a situation into single layers of communication – from thoughts and feelings to actions and thinking, feeling, saying, doing, hearing and seeing.



HUMAN-CENTERED RESEARCH AND ETHICS

Human-centered design researchers must understand that in attempting to uncover latent needs, they are dealing with subtle and often unspoken details of individuals' lives: circumstances, thoughts, habits, feelings and reactions. These subjects will trust the researchers 'unguarded' - which in turn requires a high level of responsibility and sensitivity. An agreement on ethical principles of conduct should help guide researchers in their mindset and behaviour as they gather and share insights about people's lives.

According to IDEO's 'The Little Book of Design Research Ethics', the three overarching principles of research are respect, honesty, and responsibility:

- *Respect*: be kind and considerate of cultural expectations, accept people's limits.
- *Responsibility*: do not expose participants to any harm, ensure confidentiality.
- *Honesty*: be truthful and transparent, do not mislead with false impressions.

Further guidelines ensuring ethical standards throughout the research may be helpful:

Planning the research:

- Transparent communication within the team
- Seek to clarify any ethically relevant ambiguity

During the research:

- Introduce the team accurately
- Listen and observe, do not advise
- Only record the needed information

After the research:

- Represent honestly what we learn
- Guard raw data
- Protect participants' confidentiality

The ethics discussion further underlines the need for empathy, being able to work with cultural sensitivity. Ultimately, it is essentially important that researchers ensure interactions to be safe, mutually beneficial and as enjoyable as possible.



HUMAN-CENTERED RESEARCH IN A CORPORATION

In corporations throughout the world, innovations tend to be ‘technology-driven’: R&D is presented with a new technology by suppliers; together with marketing, R&D develop a product concept to accommodate the technology. These organisations are focused at fuelling its innovation pipeline with as many innovations as possible to leverage new technologies into turnover. For management, “selling innovations and products” becomes a means to an end - hitting yearly targets - which in turn has led to a downward spiral in which this year’s turnover will need to exceed last year’s turnover.

Innovation concepts are generally initiated internally by marketing, then approved by top management. Very often, only then are these concepts validated with a handful of clients - normally focus groups or one-hour interviews. In these sessions, the selected consumers are presented with written concepts and either 2D design boards or physical prototypes of the potential new product. The key question in these sessions is the client’s purchasing intention; any feedback regarding ‘likes’ and ‘dislikes’ follow in importance, especially as these are often a subjective matter of taste. Even then, it is very unlikely that the researching company will identify any untapped, latent needs, considering that the discussion or questionnaire is centered on a product idea, not the human being.

Occasionally, in an attempt to reconnect with clients and further explore new ways to innovate, these corporations will organise an open round-table with opinion-leading (the loudest) customers every few years. The outcome, as personally experienced, would evidence no real takeaways besides some obvious pain points (“more promotions” or “make things cheaper”. Selecting the loudest clients is generally purely tactical - aiming at making these clients feel important and ‘listened to’.

In a B2B context, organising blue sky meetings with innovative, forward thinking clients may be a first step to allow a group of professionals resonate with each other as they share best practices, pains and insights. The downsides of this format are triple:

1. the circle of highly innovative, forward thinking clients is normally very limited,
2. the research does not happen in situ (the professional’s work setting),
3. a costly format if done globally (bringing in customers from different regions).



OPPORTUNITIES FOR HUMAN-CENTERED INNOVATION

Design Thinking can help organisations be more consistently innovative in more cost-effective ways while becoming more relevant and meaningful to its clients. A brief introduction to five selected qualitative Design Thinking research methods should help understand how latent consumer issues can be uncovered to ideate step-changing innovations. As previously explained, as with all human-centered research methods, the researching team needs to have been trained thoroughly on empathy to apply these.

Extreme users

Extreme users' needs are generally amplified and their work-arounds are often more notable. Observing these users and speaking with them will help uncover meaningful latent needs that may not pop when engaging with the middle of the bell curve. However, needs that are uncovered through extreme users are often also needs of a wider population (d.school Stanford). Extreme users also include non-users, e.g. a bookstore aiming to increase its clientele may actually want to understand the needs of barely literate individuals who would never walk into a bookstore.

Contextual interviews

Contextual interviews are conducted with people in their own environment during the course of normal activity: the dentist and his patient in the practice, a hairdresser and his client in the salon, a mother and son in their kitchen. Researchers and individuals collaborate to uncover tacit knowledge that they may not be consciously aware of. This method requires the individuals' acknowledgement as a process may be 'interrupted'.

Shadowing

Shadowing is observing people in context. The researcher accompanies the user and observes user experiences and activities. It allows the researcher and designer to develop design insights through observations and shared experiences with users. A designer could spend a week e.g. shadowing a public officer in the way he interacts with individuals and to what extent he is capable of solving the presented issues with the existing software.

Cultural immersion

The design team explores locations or the environment to gain a deeper understanding of the design context. This method may be useful to understand systemic differences, e.g. between salons around the world - which may be rudimentary 'holes in walls' across poorer third world countries to 'living rooms' in places like Russia. This method requires physically going to different environments, making it potentially cost-intensive.

Mystery shopper

This tool is used to collect information about products and services. This method can be time consuming and may not be supported by employees as there are ethical issues involved in subjecting a design team to work 'undercover'.

KEY SUCCESS FACTORS IN CORPORATIONS

The above methods are some of many that are essential to deliver high-impact, insight-driven and meaningful innovations, thus a vital enrichment to the brand innovation process. Introducing these methods however requires a mindset shift within the business, especially top management. This calls for a relevant framework of implementation – or key success factors to Design Thinking within FMCG corporations.

1. C-level support: a cultural mindset change is only feasible if driven via the corporate strategy agenda.
2. Interdisciplinary high performance teams: Design Thinking combines analytical and creative thinking approaches, driven by a heterogeneous team of designers with different backgrounds. These individuals need to be selected carefully and should be introduced to group dynamics.
3. Integrate or separate: mid-level managers are prone to torpedo Design Thinking (“kill zone”, Stanford, 2016) as they lose control of their subordinates involved in multidisciplinary teams. A possible solution would be for top management to separate interdisciplinary teams outside the organisation.
4. Accept ambiguity: uncertainty in business is translated into scenarios and probabilities. The unavoidable “fog” of ambiguity throughout Design Thinking needs to be embraced by the design team – and accepted by top management.
5. Agile resource allocation: as budget processes are normally lined out and approved once a year, a possible solution to this would be an agile resource allocation subject to a review process that relies upon the judgment of senior leadership (Brown, 2013, p. 248).
6. Encourage failure: it is part of the iteration process towards developing a superior outcome – and should be seen as possible and free of any stigma – even if managers have been trained ‘not to fail’.



CONCLUSION

Empathy-led research should be at the very heart of every brand dealing with human beings. In doing so, companies will effectively deliver relevant innovations that will make a difference to society while having a positive ROI impact. This, ideally, should be seen as a natural consequence instead of a quantitative financial objective.

Qualitative and quantitative research methods work best in combination as their outcome and insights tend to be complementary. Variation in the choice of methodology is key to successfully uncovering latent needs.

Introducing human-centered research would be a first step into gradually introducing Design Thinking in a given corporation. A staggered approach in which further human-centered ideation and prototyping could be implemented would help corporations gradually leverage the potential of Design Thinking as a high impact process - without straining the organisational challenges in the context. Ultimately, Design Thinking can help corporations significantly improve their brands' performance by re-focusing on consumers - and consequently sustainably leveraging the brands' potential.

Corporations managing to transform their innovation process throughout the organisation and its brands will ultimately succeed at shifting a long standing paradigm for the benefit of its consumers and ultimately all its stakeholders, securing the brand's future relevance and growth.



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